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(4) For medicare-certified facilities, the cost of occupational, physical and speech therapy shall be adjusted by both the ratio of medicaid units of service to total units of service and the ratio of total resident days to medicaid days. The facility shall report the total expense on the cost report and the total of medicaid units of service in an attachment. The adjustment shall be calculated by medical services or its designee. If the required information is not provided, the medicare revenue shall be offset against the expense, but not below zero.

(c) Payment for ancillary services, as defined in K.A.R. 30-10-1a, shall be billed separately when the services or supplies are required. Payment for oxygen shall be reimbursed to the oxygen supplier through the agency's fiscal agent, or the fiscal agent may reimburse the nursing facility directly if an oxygen supplier is unavailable.

(d) Payment for specialized rehabilitative services or active treatment programs shall be included in the per diem reimbursement.

(e) Payment shall be limited to providers who accept, as payment in full, the amount paid in accordance with the fee structure established by the medicaid/medikan program.

(f) Payment shall not be made for allowable non-routine services and items unless prior authorization has been obtained.

(g) Private rooms for recipients shall be covered when medically necessary or at the discretion of the facility, and the costs shall be reflected in the facility's cost report. If a private room is

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not medically necessary or is not occupied at the discretion of the facility, a family member, guardian, conservator or other third party may pay the difference between the usual and customary charge and the medicaid payment rate. The effective date of this regulation shall be January 1, 1994. (Authorized by and implementing K.S.A. 1992 Supp. 39-708c; effective May 1, 1985; amended May 1, 1988; amended Jan. 2, 1989; amended Jan. 2, 1990; amended, T-30-10-1-90, Oct. 1, 1990; amended Jan. 30, 1991; amended July 1, 1991; amended Nov. 2, 1992; amended Jan. 3, 1994.)

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30-10-17. Cost reports. (a) Historical cost data.

(1) For cost reporting purposes, each provider shall submit the nursing facility financial and statistical report in accordance with the December, 1993 version of the "instructions for completing the nursing facility financial and statistical report (MS-2004)", which is hereby adopted by reference.

(2) Each provider who has operated a facility for 12 or more months as of December 31st shall be required to file the nursing facility financial and statistical report on a calendar year basis.

(3) Each provider who has operated a facility on cost data from the previous provider or a projected cost report shall file an historical cost report.

(A) The historical cost report shall begin on the first day of the month closest to the date the new provider or facility is certified by the department of health and environment.

(B) The historical cost report shall end on the last day of the 12-month period following the date specified in paragraph (A), except:

(i) The cost report shall end on December 31st when that date is not more than one month before or after the end of the 12-month period;

(ii) the cost report shall end on the provider's normal fiscal year end used for the internal revenue service when that date is not more than one month before or after the end of the 12-month period and the criteria for filing the cost report ending on

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December 31st does not apply; or

(iii) the cost report shall end on the last date of service if a provider change occurs before 11 months of operation and the interim rate was based on a projected cost report.

(C) The historical cost report period shall cover a consecutive period of time not less than 11 months or more than 13 months.

(D) A subsequent overlapping 12-month historical cost report shall be filed for the calendar year ending December 31st, if the first cost report does not end on that date.

(b) Projected cost data.

(1) Projected cost reports for providers.

(A) If a provider is required to submit a projected cost report under subsection (c), (d) or (g) of K.A.R. 30-10-18, the provider's rate shall be based on a proposed budget with costs projected on a line item basis.

(B) The projected cost report shall begin on the first day of the month closest to the date that the provider, who meets the criteria for filing a projected cost report, is certified by the department of health and environment.

(C) The projected cost report shall end of the last day of the 12-month period following the date specified in paragraph (B), except:

(i) The projected cost report shall end on December 31st when that date is not more than one month before or after the end of the 12-month period; or

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(ii) the projected cost report shall end on the provider's normal fiscal year-end used for the internal revenue service when that date is not more than one month before or after the end of the 12-month period and the criteria for filing the projected cost report ending on December 31st does not apply.

(D) The projected cost report period shall cover a consecutive period of time not less than 11 months or more than 13 months.

(E) The projected cost report shall be reviewed for reasonableness and appropriateness by the agency. The projected cost report items that are determined to be unreasonable shall be disallowed before the projected rate is established.

(2) Projected cost reports for each provider with more than one facility.

(A) Each provider required to file a projected cost report in accordance with this subsection and who operates more than one facility, either in-state or out-of-state, shall allocate central office costs to each facility being paid rates from the projected cost data at the end of the provider's fiscal or calendar year that ends during the projection period.

(B) The method of allocating central office costs to those facilities on projection status shall be consistent with the method used to allocate such costs to those facilities in the chain who are filing historical cost reports.

(c) Amended cost reports.

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(1) Amended cost reports revising cost report information previously submitted by a provider shall be required when the error or omission is material in amount and results in a change in the provider's rate of \$.10 or more per resident day.

(2) An amended cost report shall not be allowed after 13 months have passed since the last day of the year covered by the report.

(d) Due dates of cost reports.

(1) Calendar year cost reports shall be received no later than the close of business on the last working day of February following the year covered by the report.

(2) Historical cost reports covering the projection status period shall be received by the agency no later than the close of business on the last working day of the second month following the close of the period covered by the report.

(3) Cost reports approved for a filing extension in accordance with K.A.R. 30-10-17(e) shall be received no later than the close of business on the last working day of the month approved for the extension request.

(e) Extension of time for submitting a cost report.

(1) A one-month extension of the due date for the filing of a cost report may, for good cause, be granted by the agency. The request shall be in writing and shall be received by the agency prior to the due date of the cost report. Requests received after the due date shall not be accepted.

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(2) A written request for a second one-month extension may be granted by the medicaid/medikan director when the cause for further delay is beyond the control of the provider. The request shall be received by the agency prior to the due date of the cost report or it shall not be approved.

(f) Penalty for late filing. Each provider filing a cost report after the due date shall be subject to the following penalties.

(1) If the cost report has not been received by the agency by the close of business on the due date, all further payments to the provider shall be withheld and suspended until the complete nursing facility financial and statistical report has been received.

(2) Failure to submit cost information within one year after the end of the cost report period shall be cause for termination from the medicaid/medikan program.

(g) Balance sheet requirement. A balance sheet prepared in accordance with cost report instructions shall be filed as part of the cost report forms for each provider.

(h) Working trial balance requirement. A working trial balance shall be submitted with the cost report. It shall contain account numbers, descriptions of the accounts, the amount of each account, and the cost report expense line on which the account was reported. The working trial balance shall reconcile to the cost report schedules. The effective date of this regulation shall be January 1, 1994. (Authorized by and implementing K.S.A. 1992 Supp. 39-708c; effective May 1, 1985; amended May 1, 1986; amended May 1, 1987;

KANSAS MEDICAID STATE PLAN

Attachment 4.19D
Part I
Exhibit A-5
Page 6

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amended May 1, 1988; amended Jan. 2, 1989; amended Jan. 2, 1990;
amended, T-30-10-1-90, Oct. 1, 1990; amended Jan. 30, 1991; amended
Oct. 28, 1991; amended Nov. 2, 1992; amended Jan. 3, 1994.)

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State of Kansas
Department of Social & Rehabilitation Services
Medical Services

INSTRUCTIONS FOR COMPLETING
THE NURSING FACILITY
FINANCIAL AND STATISTICAL REPORT
(FORM MS-2004)

PURPOSE

The purpose of this report is to obtain the resident-related costs incurred by nursing facilities in providing services according to applicable state and federal laws, regulations, and quality and safety standards. The regulations governing the completion of this report and nursing facility reimbursement can be found in the Kansas Administrative Regulations, Chapter 30, Part 10.

SUBMITTAL INSTRUCTIONS

1. One blank Form MS-2004, Nursing Facility Financial and Statistical Report, is sent by the Income Support/Medical Services Commission to each nursing facility in the Medicaid/Medicaid Program before the end of the home's reporting period.
2. Send two copies of the completed form MS-2004 and one copy of the form AU-3902 (Census Summary) for each month of the reporting period to the following address:

Nursing Facility Reimbursement
Income Support/Medical Services Commission
Department of Social & Rehabilitation Services
Docking State Office Building
6th Floor West
915 S.W. Harrison
Topeka, Kansas 66612-1570

Attention: Administrator, Nursing Facility Reimbursement

3. All inquiries on completion of these forms should be directed to the Administrator, Nursing Facility Reimbursement, Income Support/Medical Services Commission, at (913) 296-0703.

GENERAL

1. Complete the forms accurately and legibly. Any report that is incomplete or is not legible will be promptly returned to the provider.
2. All amounts must be rounded to the nearest dollar and sum to the total.
3. DO NOT add lines to the forms. Use "OTHER" lines for resident-related expenses not designated on the Expense Statement, Schedule A. Attach a schedule if necessary.

Instructions
MS-2004 (Rev. 12/93)

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4. DO NOT cross out or retitle lines on the forms. DO NOT include more than one amount per line. If more than one amount or journal entry is combined, submit an attachment with explanation.
5. Enter the six (6) digit SRS provider number on page 1 and in the blank space provided at the top of each schedule. The six (6) digit provider number assigned by SRS begins with a 4. DO NOT use your federal number assigned by the Department of Health and Environment.
6. Use the accrual method of accounting in reporting financial data. Revenues are reported in the period when earned, and not when received, and expenses are reported when incurred, not when paid.
7. Estimates of revenues and expenses are not acceptable.
8. All cost reports, historical or projected, must be for a period of 12 consecutive months except as provided in KAR 30-10-17. Providers who filed a projected cost report must file a historical report for the projection period and a historical report for the first calendar year following the end of the projection period.
9. All calendar year cost reports shall be received by the agency no later than the close of business on the last working day of February. All other historical cost reports covering a projection status period shall be received by the agency no later than the close of business on the last working day of the second month after the reporting period ends. The provider may request a one month extension of the due date by submitting the request in writing to the address in the submittal instructions within the time period allowed for filing the original cost report. The extension will be granted if the agency determines that the provider has shown good cause. NOTE: IF A COST REPORT IS RECEIVED AFTER THE DUE DATE WITHOUT AN APPROVED TIME EXTENSION, THE PROVIDER IS SUBJECT TO THE PENALTIES SPECIFIED IN KAR 30-10-17.
10. Each nursing facility must maintain adequate accounting and/or statistical records. Inadequate recordkeeping is cause for suspension of payments. KAR 30-10-15b.
11. Reimbursement rates (per diem) for nursing facilities: The per diem rate of reimbursement for those facilities participating in the Medicaid/Medikan program is based on the reported costs and resident days as adjusted by a desk review of the cost report and payment limitations. Each cost report is also subject to a field audit to arrive at a final settlement for the period upon which the per diem rate was based.
12. KANSAS ADMINISTRATIVE REGULATIONS: Copies of the regulations governing nursing facility Medicaid/Medikan reimbursement may be obtained at a cost by sending a request to the Department of Social and Rehabilitation Services to the address given in the submittal instructions. NOTE: SINCE THE REGULATIONS MAY BE CHANGED, THE PREPARER OF THE COST REPORT SHOULD CAREFULLY REVIEW THE MOST RECENT VERSION PRIOR TO COMPLETING THE FORM MS-2004 FOR SUBMISSION.

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COST REPORT INSTRUCTIONS

COVER PAGE

PROVIDER IDENTIFICATION:

Lines 11-19: Complete these lines as indicated on the report form.

Lines 21-25: Check only one box.

Line 21 Check if the cost data is for the calendar year report period and does not include any portion of a projection period.

Line 22 Applies to projected cost reports for new providers that are not occupying a newly constructed facility.

Line 23 Applies only to projected cost reports related to newly constructed facilities. If a provider occupies a newly constructed facility they should check this box.

Line 24 Applies only to providers filing historical cost reports for the same period as their projection year.

Line 25 Applies only to providers in the process of converting from the projection period to the calendar year and the report period includes a portion of the projection period.

Lines 26-32: Check only one box. Check the type of business organization which most accurately describes your provider status or explain on line 32, Other.

FACILITY BEDS:

Lines 41-45: Enter the number of licensed beds for the applicable category listed. Explain the category of beds if line 44, Other, is used. If a change in the number of beds has occurred during the reporting period, show the increase or (decrease) and the date of the change. Total the categories on line 45. Attach a schedule if additional space is needed to show all changes in the number of licensed beds.

Line 46: Total Bed Days - If the number of beds throughout the year has not changed, the total number of bed days is computed by multiplying the number of beds times 365 (366 in leap years). If the number of beds change during the period, compute as shown in the example below:

Assume a home of 20 beds was increased on July 1 to 25 beds, the number of bed days for the period would be determined as follows:

January 1 to June 30 - 181 days x 20 beds = 3,620 bed days

July 1 to December 31- 184 days x 25 beds = 4,600 bed days

8,220 bed days for period

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Line 48: **Total Resident Days** - The total number of resident days shall be determined in accordance with KAR 30-10-28. A resident day means that period of service rendered to a resident between the census-taking hours on two successive days and all other days for which the provider receives payment, either full or partial, for any Medicaid/MediKan or non-Medicaid/MediKan resident who was not in the facility (KAR 30-10-1a). If both the admission and discharge occur on the same day, it shall count as a resident day. If the provider does not make refunds on behalf of a resident for unused days in the case of death or discharge, and if the bed is available and actually used by another resident, these unused days shall not be counted as a resident day. Any bed days paid for the resident before an admission date shall not be counted as a resident day. The total resident day count for the cost report period shall be accurate. An estimate of the days of care provided shall not be acceptable. The total resident days must agree with the 12 month total as submitted on the Form AU-3902.

Day care and day treatment shall be counted as one resident day for 18 hours of service. The recipients of day care/treatment shall be listed on the monthly census summary (AU-3902) with the number of hours reflected on the appropriate day column.

Occupancy Percentage: Agency staff will determine this percentage.

Line 48a: **Total Medicaid/Medikan Days** - Enter the total number of Medicaid/Medikan days reported on the AU-3902's. Partial, as well as full paid days must be included (please refer to KAR 30-10-28).

Line 48b: **Total Medicare Days** - Enter the total Medicare days in the report period.

Line 51: If the provider is a publicly held entity, provide annual reports and Form 10-K.

Line 52: Check the appropriate box regarding Medicare certified beds.

Line 53: Please indicate if the facility is a hospital based long term care (LTC) facility or a free standing facility.

SCHEDULE A - EXPENSE STATEMENT

Attach a copy of the working trial balance used to prepare the cost report.

Total Annual Hours Paid - Column 1 - Enter the total hours paid to the employees on each of the salary lines for the reporting period. Employees shall be reported on the appropriate salary line for their position classification.

Per Books or Federal Tax Return - Column 2 - Report the expenses reflected in the accounting records under the appropriate cost center (i.e., Administration, Plant Operating, Room and Board, Health Care, Ownership and Non-Reimbursable). The total of all the expense lines (Column 1 - Line 215) shall reconcile to the income tax return and/or the accounting records.

Provider Adjustments - Column 3 - Enter the necessary adjustments to the expenses reported in Column 2 that are not resident-related according to the regulations and/or offset expense recoveries reported in the Revenue Statement, Schedule G. Attach a schedule if necessary.

Resident Related Expense - Column 4 - Enter the difference between Column 2 and Column 3. Please complete Column 4 even if no adjustments were made in Column 3, except for lines 200 through 214.

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SRS Adjustments/Adjusted Resident Related Expenses - Columns 5 & 6 - Leave blank - FOR AGENCY USE ONLY**Expense Lines**

General: All costs shall be reported on the designated expense lines. If all expense classifications are not addressed, report the amount on the line and in the cost center that most nearly describes the expense. For example, telephone expense is included in the Administration cost center. Therefore, the expense for telephone lines to the nurses' station shall not be reported in the Health Care cost center. See specific line instructions for more detail. **DO NOT CROSS OUT OR USE A LINE DESIGNATED FOR A PARTICULAR TYPE OF EXPENSE FOR SOME OTHER TYPE OF EXPENSE.**

The specific instructions, which follow, do not cover each line item of the expense statement, but are designed to cover items which may require additional explanation or examples.

All Salaries - Lines - 101; 102; 103; 126; 142; 149; 154; 161; 162a, b; 163a, b, c; 171a, b, c, d, e, f; and 173a, b, c, d - Salaries are compensation paid for personal services that were reported to the Internal Revenue Service (IRS). These lines, plus the owner/related party compensation lines, shall reconcile to your IRS 941 Report forms as adjusted by benefits or other bonuses.

Each facility must have a full time licensed administrator. Non-owner/related party administrator compensation shall be reported on line 101. Owner/related party administrator compensation shall be reported on line 107. A hospital-based long term care unit, under the jurisdiction of a hospital administrator, must report a percentage of the administrator's salary on line 101, and the salary of the staff person serving as an assistant administrator on line 102. Salaries and benefits of the administrator and co-administrator paid as central office costs shall be reported on lines 101 and 102.

Report the salaries of the Health Care Cost Center personnel on the most appropriate classification for lines 162, 163, 171, and line 173. Lines 171 a, b, c, d, e, f, are for reporting salaried employee therapists. **DO NOT REPORT CONSULTANTS ON THESE LINES.**

Employee Benefits - Lines 104, 127, 141, and 164 - Allocate employee benefits to the benefit lines in each cost center based on the percentage of gross salaries or the actual amount of expense incurred in each center. Employee benefits, if offered to substantially all employees may include, but are not limited to:

- 1) Employer's share of payroll taxes
- 2) State and federal unemployment contributions
- 3) Workers' compensation insurance
- 4) Group health and life insurance
- 5) Employee "non-cash" gifts
- 6) Moving/relocation expenses
- 7) Employee retirement plans
- 8) Employee parties - except alcoholic beverages
- 9) Profit sharing
- 10) Physical examinations
- 11) Malpractice insurance that specifically protects employees. This shall be specifically identified on the insurance bill from the agent.
- 12) Employee Uniforms
- 13) Employee Meals

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Employee benefits shall not include:

- 1) Employee cash bonuses and/or incentive awards - these payments shall be considered additional compensation and be reported on salary lines.
- 2) Benefits given to owner/related parties but not to substantially all employees - these benefits shall be treated as additional compensation and be reported on owner/related party compensation lines.

Employee benefits with restrictions include:

- 1) Employee benefits offered to select non-owner/related party employees shall be reported as a benefit in the cost center in which the salary is reported.

Consultants - Lines 106, 144, 166, and 175 through 180 - Report all fees paid to professionally qualified non-salaried consultants. List the titles of other health care consultants on line 180. **Skilled Nursing Facilities that provide therapy services to Medicare residents shall submit a list of the total units of therapy and the total Medicaid units of therapy. An offset shall be made for the Medicare reimbursed therapy expense based on the units served. (NOTE: Line 106 - Management Consulting Fees - Include only cost of arms-length management consultant fees. Owner/related party management fees shall be reported on line 107. Also see instructions to line 108.)**

Owners and Related Party Compensation - Lines 107, 129, 143, 165, 172 and 202 - Record the amount earned and reported to IRS for owner/related parties. In order to be allowed, the compensation must be paid within 75 days after close of the cost report period. The amount reported must be in agreement with entries made in Schedule C. Compensation may be included in allowable cost only to the extent that it represents reasonable remuneration for managerial and administrative functions, professionally qualified health care services and other services related to the operation of the nursing facility, and was rendered in connection with resident care. All compensation paid to an owner/related party shall appear on the appropriate lines above regardless of the label placed on the services rendered (See KAR 30-10-24). **NOTE: Line 143 is for reporting owner/related party compensation for Dietary, Laundry and Housekeeping Services.**

"Other" - Lines 117, 118, 138, 148, 153, 158, 170, 183, 188, 212 and 213 - "Other" or blank lines have been provided in each cost center. Types of expense entered on these lines shall be identified and be applicable to the cost center unless further restricted. Attach a schedule to the cost report if necessary. Failure to do so can cause unnecessary delay in the processing of your cost report.

Office Supplies and Printing - Line 105 - Report all office supplies, postage, duplicating and printing expenses on this line. The printing and duplicating of forms are considered to be an administrative expense and shall not be reported in any other cost center. The exception to this rule is medical records forms which may be reported on line 168, Nursing Supplies.

Allocation of Central Office Costs - Line 108 - All providers with more than one facility and pooled administrative costs shall report allocated costs on line 108. All facilities, including the central office, must use the same reporting period. Central office costs shall be reported in accordance with KAR 30-10-27. **Attach a detailed schedule listing the central office costs and method of allocation to each facility. Submit a copy of the Medicare Home Office Cost Report if applicable. The same method of allocation used on the Medicare Cost Report must be used in the Medicaid Cost Report.**

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Allowable central office costs are subject to the following conditions:

- Only expense allocations related to Kansas facilities will be allowed.
- Purchases from related-party vendors - Costs of resident-related goods and services supplied to the central office by related parties will be allowed at the lower of the cost to the vendor or the charge to the central office;
- Management consulting fees - If the management services company is owned or controlled by the company or person(s) that owns or controls the facilities, the management fees must be reported as central office costs subject to the limits of related-party transactions;
- Salaries of owner/related parties - Any of these costs that are included in central office costs must be reported on line 107;
- Central office bulk purchases of adult care home supplies - These expenses may be allocated to the supplies lines in the appropriate cost centers, if the allocation method is adequately documented; and
- Direct care consultants - These costs may be reported on the applicable consultant lines in the appropriate cost centers.

Telephone and Other Communication - Line 109 - Report routine telephone and communications expense on this line regardless of the department or cost center benefit.

Travel - Line 110 - Report administrative and staff travel expenses that are related to resident care. **Vehicle costs must be documented by detailed expense and mileage records kept at the time of the travel activity. Estimates shall not be acceptable. Exceptions:**

- 1) Long term or recurring vehicle lease expense for business purposes shall be reported on line 192.
- 2) Expenses associated with the personal use of a vehicle are not allowable unless reported within otherwise allowable limits of compensation.
- 3) Costs related to "in town" entertainment are non-allowable.
- 4) Travel expenses related to Provider board meetings are non-allowable.
- 5) Resident transportation expense shall be reported on line 182.
- 6) Vehicle maintenance and repair shall be reported in the Plant Operating Cost Center.

Advertising - Line 111 - Report allowable advertising expense on this line. This line shall be used for employment advertisements and ads in telephone directories. Fund raising, public relations, advertising for resident utilization and sponsorships are not allowable and shall be reported on line 204.

Licenses and Dues - Line 112 - Report allowable licenses and dues expense on this line. Refer to KAR 30-10-23a for non-reimbursable dues and membership costs. Personal automobile club memberships are not allowable unless reported as compensation.

Legal, Accounting and Data Processing (CP) - Line 113 - Report legal and accounting expense on this line, except fees paid to owner/related party firms or individuals which must be reported on the owners compensation line 107. Data processing expense related to financial management (i.e., accounting, payroll, budgeting, etc.) shall be reported on this line.

Insurance - Line 114 - Report property and liability insurance expense on this line. Workers' compensation and employee health and life insurance expense shall be reported on employee benefit lines. The premium for "Key Employee" life insurance (when the corporation is made the beneficiary of the policy) is not an allowable expense, and shall be reported on line 205.

Interest - Line 115 - Report the interest expense related to operating loans and equipment purchases. Submit copies of each new note for the year originated.

Other - Line 117 or 118 - Include amortization of administrative organizational and/or start-up costs. Also include resident related expenses for education of administrative staff.

Real Estate and Personal Property Taxes - Line 121 - Report all real and personal property taxes on this line.

Salaries - Line 126 - Report the hours paid and salaries of maintenance personnel who perform carpentry, mechanical, electrical, plumbing, heating, cooling and painting duties.

Utilities Except Telephone - Line 129 - Report expenses for gas, water, electricity, heating oil, etc. Cablevision may be considered a utility or resident activity expense.

Maintenance & Repairs - Line 130 - Report all maintenance and repair expenses applicable to the building, grounds, equipment and vehicles.

Supplies - Line 131 - Report supplies expense incidental to the operation and maintenance of the building, grounds, and equipment.

Small Equipment - Line 137 - Equipment purchases of \$500 to \$1,000 that were not capitalized must be expensed on this line. Equipment purchases of \$1 to \$499 may be reported in the cost center of benefit as a supply expense.

Other - Line 138 - Report miscellaneous expenses incidental to the operation and/or maintenance of the facility and grounds. These include but are not limited to trash hauling, snow removal and lawn care. This line shall be used for training and educational expense for employees with salaries reported in the Plant Operating Cost Center.

Employee Benefits - Line 141 - Report total employee benefits associated with Dietary, Laundry and Housekeeping salaries.

Food - Line 145 - Report all food costs. Nutritional supplements are to be included on this line. The provider shall be required to keep records on the total number of meals served to residents, employees, guests, and outside programs. If the food expense for the employees, guests, and outside programs is included in the MS-2004 expenses, the expense should be offset against the dietary cost center as follows:

- A. Line 141 - Dietary Portion Employee Benefits
- Line 142 - Dietary Salaries
- Line 143 - Dietary Owner/Related Party Compensation
- Line 144 - Dietary Consultant
- Line 145 - Food
- Line 146 - Dietary Supplies
- Line 148 - Other

$\text{Total Dietary Cost} \div \text{Total Number of Meals Served} = \text{Cost Per Meal}$

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B. Cost per meal x number of meals served to employees, guests, and outside programs = amount of offset

C. The cost of free employee meals shall be allocated and reported on employee benefit lines. If employees pay less than the cost for a meal, the difference between the meal revenue and cost may be reported as an employee benefit.

Supplies (Dietary) - Line 146 - Report supplies expense directly related to the preparation and service of food to the residents unless further restricted by another expense line (i.e., printed menus are reported on line 105 - Office Supplies and Printing). Examples include but are not limited to paper goods, kitchen utensils, etc.

Other (Dietary) - Line 148 - Report and specify miscellaneous expenses directly related to the preparation and service of food to the residents unless restricted by another expense line (i.e., all repairs and maintenance are plant operating costs). Dietary-related education and training expenses for employees whose salaries are reported on Line 142 - Dietary Salaries are also included on this line.

Linen and Bedding Material - Line 150 - Report linen and bedding material expenses on this line.

Laundry and Linen Supplies - Line 151 - Report all supplies expense directly related to laundry and linen services for the residents, unless restricted by another line.

Other (Laundry) - Line 153 - Report all other expenses directly related to laundry and linen services for the residents unless restricted by another line. Report laundry related education and training expenses for employees reported in laundry salaries.

Salaries (Housekeeping) - Line 154 - Report the hours paid and salaries of housekeeping and janitorial staff involved in floor care and in cleaning of the building.

Supplies (Housekeeping) - Line 155 - Report all supplies expense related to keeping the building clean and sanitary. Floor care supplies shall be expensed on this line.

Other (Housekeeping) - Line 158 - Report (and specify) miscellaneous expenses directly related to the provision of housekeeping for the facility, unless restricted by another expense line. Pest extermination may be expensed on this line or in the Plant Operating cost center. Housekeeping-related education and training expenses for employees whose salaries are reported on Line 154-Salaries (Housekeeping) are also included on this line.

Aides- Lines 163a,b,c - Record the hours paid and salaries of aides involved in direct resident care, on the line that most appropriately defines their classification.

Purchased Services - Line 167 - This line shall be used to report all health related contract labor or other services.

Nursing Supplies - Line 168 - Report expenses of all routine supplies directly related to the provision of nursing and/or health related services for residents, unless further restricted by another expense line. Medical records forms may be expensed on this line.

Therapy Salaries - Lines 171a,b,c,d,e,f - Report the hours paid and salaries of therapists who are directly involved in providing health care.

Resident Activities/Social Worker/Medical Records/Other Salaries - Lines 173a,b,c,d - Report the hours paid and salaries on the appropriate line for these classifications. Specify the job classification of other health care salaries.

Resident Activity Supplies - Line 174 - Report the supplies expense involved in providing resident activities. This does not include the cost of newsletters.

Consultants - Lines 175-180 - Record the fees paid to consultants on the appropriate lines. Skilled nursing facilities that bill therapy service directly to Medicare shall submit a list showing the Total units of the therapy for all residents and the Total units for Medicaid residents.

Nursing Aide Training - Line 181a - Report the costs of fees, tuition, books, etc. for education or training seminars provided to aides with salaries reported on lines 163a,b,c. Travel, lodging and meals associated with the education/seminars may be reported on this line.

Other Health Care Training - Line 181b - Report the costs of fees, tuitions, books, etc., for education or training seminars to employees, except nurse aides reported on line 163, with salaries reported in the Health Care cost center. Travel, lodging and meals associated with the education/seminars may be reported on this line.

Resident Transportation - Line 182 - Report resident transportation expense incurred for non-emergency medical, shopping, activities, etc., in which the residents are the primary passengers. Trip logs must be kept to document the expense. Do not include vehicle lease, interest, depreciation, insurance or other expense restricted to another expense line.

Acceptable methods of allocating cost to line 182, Resident Transportation are as follows:

- 1) Allocated at a set rate per mile. The rate would be determined by dividing total vehicle expense, not restricted to another expense line, by the total miles. The IRS allowed rate per mile is not acceptable because it includes factors for depreciation, insurance and repairs.

- 2) Allocated directly per the following formula:

$$\frac{\text{Resident Travel Miles}}{\text{Total Miles}} \times \frac{\text{Total Vehicle Expenses not Restricted}}{\text{to Another Expense Line}} = \text{Resident Travel Expense}$$

- 3) If private vehicles are used to transport residents, the entire amount of the reimbursement paid to the employee for use of the vehicle is allowable as Resident Transportation. The rate of reimbursement must, however, be reasonable.

Total Rate Formula Costs - Line 190 - Enter the sum of the totals in the Administration, Plant Operating, Room and Board, and Health Care cost centers.

Interest on Real Estate Mortgage - Line 191 - Report all interest expense incurred for the acquisition or construction of real estate. Describe fully on Schedule D. Include amortization expense for loan costs. The interest for equipment and furnishings purchased along with the building shall be reported on this line.

Rent or Lease Expense - Line 192 - Report all recurring rent and lease expense regardless of the item and use except therapeutic beds which are non-allowable or computer software lease expense which can be reported in the cost center of benefit or line 113, Legal, Accounting and Data Processing.

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Amortization of Leasehold Improvement - Line 193 - Report only amortization of leasehold improvements on this line. Leasehold improvements are defined as betterments and additions made by the lessee to the leased property. Such improvements become the property of the lessor after the expiration of the lease.

Depreciation Expense - Line 194 - This amount must be computed by the straight-line method. Such amounts must be reconciled to a detailed depreciation schedule. The determination of capitalized property must be in conformity with Generally Accepted Accounting Principles. If an item or related items purchased in bulk (beds, chairs, tables, etc.) exceed a cost of \$1,000, they shall be capitalized. Attach a detailed depreciation schedule to the cost report.

Non-Reimbursable & Non-Resident Related Items

General: Lines 200-214 - Provider adjustments must be made in column 3 that offset column 2 expenses in total. Column 4 will show zero expenses.

Fund Raising/Public Relations/Advertising for Resident Utilization - Line 204 - Include non-allowable advertising expenses. See Line 111 - Advertising.

Oxygen Purchases & Supplies - Line 206 - Billing for reimbursement of oxygen, cylinder rental and allowable supplies is to be done by the oxygen supplier to the fiscal agent. Homes with a central supply are to bill the fiscal agent directly.

Drugs (Pharmaceuticals) - Line 207 - Report expenses for prescription drugs and other items not covered as a routine item in KAR 30-10-15a.

Resident Purchases - Line 210 - Report the expense for items purchased for residents but not listed as routine services or supplies in KAR 30-10-15a.

SCHEDULE B - EXPENSE RECONCILIATION

General: This schedule shall be used to reconcile the expenses reported on the Nursing Facility Financial and Statistical Report (Form MS-2004) to the provider's financial books and federal tax return.

Books - Column 1 - Reflect the expenses as they appear in the general ledger or other financial records.

Federal Tax Return - Column 2 - Reflect the expenses as they appear on the federal tax return.

Cost Report - Column 3 - Reflect the expenses as they were reported on the cost report the Expense Statement, Schedule A.

Total Expenses Per Books - Line 231 - Record the total expenses per the general ledger or other financial records in Column 1.

Total Expenses Per Federal Tax Return - Line 232 - Record total expenses from tax return in Column 2.

Total Expenses Per Cost Report - Line 233 - Enter total expenses from the Expense Statement, Schedule A (Column 2 line 215) in Column 3.